

State of Missouri  
Office of Secretary of State

Case No. AP-07-42

IN THE MATTER OF:

QUANTUM WEALTH MANAGEMENT, LLC  
333 S. Kirkwood Road  
Suite 300  
St. Louis, Missouri 63122; and

THOMAS JOSEPH GRADY  
1493 Campton Court  
St. Charles, Missouri 63304,

Respondents.

**AMENDED CONSENT ORDER**

1. The Missouri Securities Division (the “Securities Division”) alleges that Quantum Wealth Management (“Quantum”) transacted business in the state of Missouri as an investment adviser without being registered, or exempt from registration, in violation of Section 409.4-403(a), RSMo. (Cum. Supp. 2006).
2. The Securities Division alleges that Quantum, while engaged in activities as an investment adviser, employed or associated with an unregistered investment adviser representative in violation of Section 409.4-403(d), RSMo. (Cum. Supp. 2006).
3. The Securities Division alleges that Thomas Joseph Grady (“Grady”) transacted business in the state of Missouri as a representative of an investment adviser without being registered or exempt from registration in violation of Section 409.4-404(a), RSMo. (Cum. Supp. 2006).
4. Respondents desire to settle the allegations and the matters raised by the Securities Division relating to unregistered activities as an investment adviser and investment advisor representative.
5. Quantum, Grady and the Securities Division consent to the issuance of this Consent Order (the “Order”).
6. Quantum and Grady stipulate and agree to the issuance of this Order without further proceedings in this matter, agreeing to be fully bound by the terms and conditions specified herein.
7. Quantum and Grady waive their rights to a hearing with respect to this matter.
8. Quantum and Grady stipulate and agree that they waive any rights that they may have

to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Further, Quantum and Grady specifically forever release and hold harmless the Missouri Office of Secretary of State, Commissioner of Securities and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

9. Quantum and Grady stipulate and agree that, should the facts contained herein prove to be false or incomplete, the Missouri Securities Division preserves the right to pursue any and all legal or administrative remedies at its disposal.

### **STIPULATIONS OF FACT**

10. Quantum is a Missouri limited liability company organized by Grady in May of 2002 to act as an investment adviser. Quantum has a current address of 333 S. Kirkwood, Suite 300, St. Louis, Missouri 63122.
11. From June 2002 through December 31, 2005, Quantum operated as a registered investment adviser in Missouri.
12. Due to the misapplication by IARD of Quantum's 2006 registration renewal payment to the firm's daily account, rather than its renewal account, Quantum's registration was terminated. Quantum and Grady were unaware of the termination until the 2006 registration renewal payment was returned in March 2007. The termination of Quantum's registration by IARD resulted in the initiation of an investigation by the Securities Division which ultimately led to the issuance of this Order.
13. From December 31, 2005 to date, Quantum transacted business in the State of Missouri as an unregistered investment adviser.
14. Grady is an individual with an address at 1493 Campton, St. Charles, Missouri 63304. Grady is the organizer of, and sole investment adviser representative associated with, Quantum. At all times pertinent hereto, Grady acted as an investment adviser representative for Quantum.
15. From June 2002 through December 31, 2005, Grady operated as a registered investment adviser representative associated with Quantum.
16. From December 31, 2005 to date, Grady transacted business in the State of Missouri as an unregistered representative of an investment adviser.
17. Respondents reported that they maintained investment advisory services to between ten and fourteen clients during the period Respondents were unregistered.

### **JURISDICTIONAL BASIS**

18. Section 409.6-601(a), RSMo. (Cum. Supp. 2006), provides that the Securities Act of 2003 shall be administered by the commissioner of securities (the "Commissioner").
19. Section 409.6-604(a), RSMo. (Cum. Supp. 2006), provides that if the Commissioner determines that a person is engaging in an act, practice or course of business constituting a violation of the Securities Act, the Commissioner may issue an order directing the person to take action necessary or appropriate to comply with the

**Securities Act.**

20. Section 409.6-604(d), RSMo. (Cum. Supp. 2006), provides that the Commissioner may impose a civil penalty up to one thousand dollars for a single violation or up to ten thousand dollars for more than one violation.
21. Section 409.6-604(h), RSMo. (Cum. Supp. 2006) provides that the Commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.

**CONCLUSIONS OF LAW**

22. Quantum violated Section 409.4-403(a), RSMo. (Cum. Supp. 2006) by transacting business in this state as an investment adviser without being registered, or exempt from registration under the Securities Act.
23. Quantum violated Section 409.4-403(d), RSMo. (Cum. Supp. 2006) by employing or associating with an individual required to be registered under the Securities Act as an investment adviser representative and such individual is not registered.
24. Grady violated Section 409.4-404(a), RSMo. (Cum. Supp. 2006) by transacting business in this state as an investment adviser representative without being registered, or exempt from registration under the Securities Act.

**ORDER**

**WHEREAS**, the Commissioner, after consideration of the above and on the consent of Quantum and Grady and the Securities Division, finds the following Order to be in the public interest, necessary for the protection of public investors and consistent with the provisions of Chapter 409, RSMo. (Cum. Supp. 2006).

**NOW, THEREFORE**, it is hereby Ordered that:

- A. Quantum is prohibited from transacting business in the State of Missouri as an investment adviser unless it is registered or exempt from registration. Section 409.4-403(a), RSMo. (Cum. Supp. 2006)
- B. Quantum is prohibited from employing or associating with an investment adviser representative who transacts business in the State of Missouri on its behalf unless the investment adviser representative is registered or exempt from registration. Section 409.4-403(d), RSMo. (Cum. Supp. 2006)
- C. Grady is prohibited from transacting business in the State of Missouri as an investment adviser representative unless he is registered or exempt from registration. Section 409.4-404(a), RSMo. (Cum. Supp. 2006)
- D. Quantum shall deliver a cashier's check to the Securities Division in the amount of two thousand dollars (\$2,000) made payable to the Missouri Secretary of State's Investor Education and Protection Fund. Such amount shall be immediately due and payable.
- E. Pursuant to Section 409.6-604(d), RSMo. (Cum. Supp. 2006), Grady shall pay,

subject to Paragraph F, below, the sum of two thousand dollars (\$2000) to the State of Missouri as civil penalties for multiple violations of Section 4-404(a), RSMo. (Cum. Supp. 2006). This amount shall be delivered to the Securities Division and made payable to the State of Missouri, and the Securities Division shall forward these funds to the state treasury for the benefit of county and township school funds as provided in Article IX, Section 7 of the Constitution of Missouri.

- F. Grady's obligation to make the civil penalty payment described in Paragraph E, above, is hereby suspended provided and on the condition that, for a period of two (2) years following the date of this Order, Grady does not transact business as an investment adviser representative in the State of Missouri unless he is registered or exempt from registration.
- G. Quantum and Grady shall pay their own costs and attorneys fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 28<sup>TH</sup> DAY OF JANUARY, 2008.

ROBIN CARNAHAN  
SECRETARY OF STATE

(Signed/Sealed)  
MATTHEW D. KITZI  
COMMISSIONER OF SECURITIES

Consented to by:

Nathan J. Soendker  
Missouri Securities Division

Quantum Wealth Management, LLC

Thomas J. Grady